Copyright Board of Canada

For the period ending March 31, 2009

Departmental Performance Report

Tony Clement
Minister of Industry

Table of Contents

Minister's Message **1**

Section I: Departmental Overview **3**

1.1 Summary Information 3

Raison d'être 3
Mandate, Roles and Responsibilities 3
Strategic Outcome and Program Activity Architecture 4

1.2 Performance Summary 5

Financial and Human Resources 5
Summary of Achievements 5
Contribution of Priorities to Strategic Outcome 6
Risk Analysis 8
Expenditure Profile 10
Voted and Statutory Items 11

Section II: Analysis of Program Activities by Strategic Outcome **12**

2.1 Strategic Outcome: Fair decision-making to provide proper incentives for the creation and use of copyrighted works 12

Program Activity: Copyright Tariff Setting and Issuance of Licences 12
Benefits for Canadians 14
Lessons Learned 15

Section III: Supplementary Information **16**

3.1 Financial Highlights 16
3.2 Supplementary Information Tables 16
3.3 Other Items of Interest 17

Organizational Information 17

Minister's Message

The past year has been a challenging one for the Canadian economy, as it has been for the economies of all industrialized countries. The global economic crisis put the fiscal and economic frameworks of all countries to the test. But Canada entered the recession with solid fundamentals — balanced budgets, decreasing debt and taxes, a strong financial sector and robust economic policies. Consequently, Canada is in a comparatively good position to effectively respond to this time of economic challenge.

The Industry Portfolio played a significant role in developing Canada's resiliency and ability to weather the current crisis. Composed of 11 departments, agencies, Crown corporations and quasi-judicial bodies, the Portfolio includes major instruments in the Government of Canada's tool kit for building a competitive economy.

In 2008–09, these measures included additional financial support for Copyright Board Canada as it continued its role as Canada's economic regulator of tariffs to be paid for the use of copyright works.

In January 2009, the government introduced Canada's Economic Action Plan, which contained stimulative measures to respond to the global recession. Industry Portfolio members played, and will continue to play, a central role in developing and implementing a significant number of these critical initiatives. These measures range from programs to upgrade research infrastructure at Canada's universities and colleges, to helping small businesses bring innovative products to market, to supporting major tourism events, to enhancing community and recreational facilities and other municipal infrastructure in Ontario. For more information, visit the Canada's Economic Action Plan website.

As a country, we are emerging from the recession by creating a climate that encourages innovation, productivity and competitiveness — helping Canadian industry move to the forefront of the global knowledge economy. The Industry Portfolio members, and other federal departments and agencies are working in partnership so that Canada continues to enjoy a high standard of living and a prosperous future.

It is my pleasure to present the Copyright Board's Departmental Performance Report for 2008-09.

Tony Clement
Minister of Industry

SECTION I: DEPARTMENTAL OVERVIEW

1.1 Summary Information

Raison d'être

The Copyright Board of Canada's program objective is to set royalties which are fair and equitable to both copyright owners and users of copyright-protected works. This includes setting fair and equitable terms and conditions so as to permit the use of works when the owner of the copyright cannot be located.

The Board is an independent administrative agency that has been conferred department status for purposes of the *Financial Administrative Act*. The mandate of the Board is set out in the *Copyright Act* (the "*Act*"). The Board is empowered to establish, either mandatorily or at the request of an interested party, the royalties to be paid for the use of copyrighted works when the administration of such works is entrusted to a collective administrative society.

The Copyright Board of Canada is an economic regulator. It deals with complex social, cultural, demographic, economic and technological issues (e.g., communications technology, use of music over the Internet, blank CDs, software management systems to protect music or administer rights). The Board's decisions are not appealable, but can be the subject of judicial review by the Federal Court of Appeal. The Board has existed in one form or another since the 1930s, but its jurisdiction was significantly expanded in 1989 and 1997.

The program objective of the Board underlies the achievement of strategic outcomes related to innovation through new knowledge, which has become the main source of competitive advantage in all sectors of economic activity and is closely associated with increased exports, productivity growth, and the creation of new firms.

In this context, our country's handling of intellectual property matters is a critical element in our long-term success in innovation, and by extension, to our long-term economic health. The terms and conditions by which intellectual property owners (such as owners of copyrighted works) are compensated will largely define the incentive structure for innovation in and creation of copyrighted materials. In addition, the design and implementation of regulations can have a significant impact on innovation and competitiveness, particularly in the areas of intellectual property rights.

Mandate, Roles and Responsibilities

Mandate of the Board
The Board is an economic regulatory body empowered to establish, either mandatorily or at the request of an interested party, the royalties to be paid for the use of copyrighted works, when the administration of such copyright is entrusted to a collective-administration society. The Board also has the right to supervise agreements between users and licensing bodies and issues licences when the copyright owner cannot be located.

The Copyright Board of Canada was established on February 1, 1989, as the successor of the Copyright Appeal Board. Its responsibilities under the *Act* are to:

- certify tariffs for the public performance or the communication to the public by telecommunication of musical works and sound recordings [sections 67 to 69];
- certify tariffs, at the option of a collective society referred to in section 70.1, for the doing of any protected act mentioned in sections 3, 15, 18 and 21 of the *Act* [sections 70.1 to 70.191];
- set royalties payable by a user to a collective society, when there is disagreement on the royalties or on the related terms and conditions [sections 70.2 to 70.4];
- certify tariffs for the retransmission of distant television and radio signals or the reproduction and public performance by educational institutions, of radio or television news or news commentary programs and all other programs, for educational or training purposes [sections 71 to 76];
- set levies for the private copying of recorded musical works [sections 79 to 88];
- rule on applications for non-exclusive licences to use published works, fixed performances, published sound recordings and fixed communication signals, when the copyright owner cannot be located [section 77];
- examine, at the request of the Commissioner of Competition appointed under the *Competition Act*, agreements made between a collective society and a user which have been filed with the Board, where the Commissioner considers that the agreement is contrary to the public interest [sections 70.5 and 70.6];
- set compensation, under certain circumstances, for formerly unprotected acts in countries that later join the Berne Convention, the Universal Convention or the Agreement establishing the World Trade Organization [section 78].

In addition, the Minister of Industry can direct the Board to conduct studies with respect to the exercise of its powers [section 66.8].

Finally, any party to a licence agreement with a collective society can file the agreement with the Board within 15 days of its conclusion, thereby avoiding certain provisions of the *Competition Act* [section 70.5].

Strategic Outcome and Program Activity Architecture

In order to effectively pursue its mandate, the Board aims to achieve the following strategic outcome, with its unique program activity:

STRATEGIC OUTCOME	PROGRAM ACTIVITY
Fair decision-making to provide proper incentives for the creation and use of copyrighted works	Copyright Tariff Setting and Issuance of Licences

1.2 Performance Summary

Financial and Human Resources

2008-09 Financial Resources ($ thousands)			2008-09 Human Resources (FTEs)		
Planned Spending	**Total Authorities**	**Actual Spending**	**Planned**	**Actual**	**Difference**
2,606	2,768	2,678	17	17	0

Strategic Outcome: Fair decision-making to provide proper incentives for the creation and use of copyrighted works					
		2008-09 ($ thousands)			
Program Activity	**Expected Results**	**Planned Spending**	**Total Authorities**	**Actual Spending**	**Alignment to Government of Canada Outcomes**
Copyright Tariff Setting and Issuance of Licences	Fair and equitable tariffs and conditions	2,606	2,768	2,678	An innovative and knowledge-based economy

Summary of Achievements

In 2008-2009, the Board held two hearings. The first, held on April 29, 2008, dealt with private copying for the years 2008-2009. The other, which lasted 12 days over the months of December 2008 and January 2009, jointly examined tariff proposals filed by a number of collectives (SOCAN, NRCC, CSI, AVLA/SOPROQ and ARTISTI) for commercial radio. This was the first time, with regard to commercial radio, that the Board examined at the same time five tariff proposals involving two types of rights (communication and reproduction).

During the same fiscal year, the Board issued eight decisions. Two of them dealt with the public performance of music, i.e., SOCAN Tariffs 22.B to 22.G (Internet – Other Uses of Music) for the years 1996-2006 and Tariff 9 (Sports Events) for the years 2002-2009. Another one certified the tariff for the retransmission of distant television and radio signals for the years 2004-2008, while an interim decision ensured that the certified tariffs would remain in force until the final tariffs are certified for the period 2009-2013. On April 22, 2008, the Board denied a request filed by CMRRA/SODRAC Inc. for an interim tariff for online music services for the year 2008. On June 20, 2008, the Board certified CBRA's tariff for media monitoring for the years 2006-2008. On December 5, 2008, the Board certified the tariff for private copying for the years 2008-2009 and finally, on March 31, 2009, the Board rendered an interim decision on an application for arbitration filed by SODRAC for the reproduction of musical works by the Canadian Broadcasting Corporation.

Fourteen licences were issued by the Board for the use of published works for which rights holders could not be found.

Finally, in 2008-2009, the Board initiated three procedures leading to hearings. The first is for SOCAN and NRCC Tariffs 1.C for the public performance of music by the Canadian Broadcasting Corporation radio for the years 2006-2009 (hearing scheduled in December 2009). The second is for SODRAC Tariff 5 for the reproduction of musical works in video-copies for the years 2009-2012 (hearing scheduled in March 2010). The third is for NRCC Tariff 6 for the use of music to accompany dance and fitness for the years 2008-2012 (hearing scheduled in April 2010).

Contribution of Priorities to Strategic Outcome

Departmental Priorities

Name	Type	Performance Status	Links to Strategic outcome
Operational Priorities 1. Ensure timely and fair processes and decisions	Ongoing	Successfully met	Fair decision-making to provide proper incentives for the creation and use of copyrighted works
2. Advance the analytical framework for decisions and the regulatory processes for tariff-setting	Ongoing	Successfully met	
Management Priorities 3. Improve management practices	Ongoing	Successfully met	

There are three priorities associated with the Copyright Board's strategic outcome:

1. Ensure timely and fair processes and decisions

In 2008-2009, the Board took steps which resulted in a reduction of the regulatory burden. For instance, when appropriate, the Board combined hearings processes which have resulted in some cost savings for the participants. Such was the case for commercial radios for which five distinct tariff proposals involving two types of rights (communication and reproduction) were combined into a single hearing.

The Board's priority of timely and fair decision-making was also achieved by engaging in pre-hearing consultations, information gathering and web site postings. These procedures assisted in conducting well-organized proceedings which address key issues facing copyright-related industries. Performance measures that are considered include the level of satisfaction of stakeholders with the Board's services, the proportion of decisions and tariffs that are published on its website and the time period to render decisions and licences. However, the full

implementation of the Board's performance measurement framework will only be completed for fiscal year 2010-2011.

The Board receives tariffs applications from collective societies on or before March 31 of a given year in which a tariff is scheduled to terminate. The Board has some latitude in the scheduling of hearings and tries to initiate the procedure leading to a hearing as efficiently as possible. The Board posts its upcoming hearing schedule on its website (www.cb-cda.gc.ca). There are no statutory deadlines for the release of the Board's decisions. However, the Board endeavours to deal with all applications as expeditiously as possible, while keeping the interests and constraints of the parties in mind.

Greater participant satisfaction is closely linked to the timeliness and orderly conduct of formal proceedings. The Board continued to structure and sequence witnesses and hearing stages so as to eliminate duplication and maximize time spent on relevant issues.

Because the Board hearings involve adversarial parties, some of whom will likely experience direct economic gain or loss in association with an offsetting gain or loss to another party, the Board's decisions cannot be expected to be satisfactory to all parties at all times. However, the Board attempts to bring unbiased and rigorous reasoning to its decision-making. The Board also recognizes the need to provide clear and sufficiently detailed explanations in its decisions so as to assist parties in preparing for the next round of tariff-setting.

In addition, the Board continued to examine alternatives to current procedures based upon input from hearing participants as part of a plan to develop and implement a more active involvement in pre-hearing information gathering aimed at reducing time and cost to participants while safeguarding the fairness of procedures.

2. Advance the analytical framework for decisions and the regulatory processes for tariff-setting

Leadership in copyright matters continued to build on the groundwork performed in the past, as noted in previous Departmental Planning Reports. The Board pursued its leadership role in the establishment and expansion of international activities such as sharing of procedures, data, analysis and other information.

The international initiative is also a key tool in addressing the challenges of changing technology and the impact of global events. By comparing experiences across different countries, the Board can gain early warning of significant developments and their likely impacts on the Canadian situation.

Among the international fora of copyright specialists which the Board Members and staff attended in 2008-2009, the following are noteworthy: the Fordham University Annual Conference on International Intellectual Property Law and Policy (New York, April 2008); the Annual Conference of the *Association littéraire et artistique internationale* (ALAI) (Dubrovnik, Croatia, October 2008); and the Annual Congress of the Society for Economic Research on Copyright Issues (SERCI) (Geneva, Switzerland, July 2008). The Board was also represented at numerous similar national meetings in Canada. The rationale for the Board's "screening" activities is to identify and assess industry trends before they undermine existing copyright regimes. Finally, as part of the priorities identified in the Report on Plans and Priorities for 2008-

2009, a meeting of the national copyright administration organizations of various countries was planned to be held in Singapore in 2008. However, because of circumstances outside of the Board's control, this event was first postponed to 2009, and then to an indeterminate date.

3. Improve management practices

The Board continued to develop its management practices, working in a cluster group with four other micro agencies, the Registry of the Competition Tribunal, the Canadian Artists and Producers Professional Relations Tribunal, the Transportation Appeal Tribunal and the Public Service Staffing Tribunal.

The Board has updated its Human Resources Plan as this is an evolving document that needs to be reviewed to take into account changing priorities. The Board has also continued to work on the implementation of its Performance Measurement Framework, which will be done for 2010-2011. In addition, the Business Continuity Plan was also updated and implemented.

In 2008-2009, the Board participated in the Audit of the Governor in Council Appointment Process conducted by the Office of the Auditor General. The Audit focused on recruitment and procedures regarding the selection process.

The Board was also the subject of a Horizontal Internal Audit of expenditures controls in small departments and agencies, as reported in Table 1 at the end of this report. The audit assessed the design and functioning of controls established to identify high risk payments (e.g., highly sensitive transactions, payments which are largely judgemental or subject to interpretation, payments of very large dollar amounts, etc.) for further attention and verification. The objective was to collect sufficient evidence to report on the state of expenditure controls for high risk payments in small departments and agencies covering relevant aspects of governance, internal controls and risk. The final report of this audit has yet to be made public.

Risk Analysis

Operating Environment

The mandate of the Copyright Board of Canada is set out in the *Act* as amended in 1997. The Board has powers of a substantive and procedural nature. Some powers are granted to the Board expressly in the *Act*, and some are implicitly recognized by the courts.

The *Act* requires that the Board certify tariffs in the following fields: the public performance or communication of musical works and of sound recordings of musical works, the retransmission of distant television and radio signals, the reproduction of television and radio programs by educational institutions and private copying. In other fields where rights are administered collectively, the Board can be asked by a collective society to set a tariff; if not, the Board can act as an arbitrator if the collective society and a user cannot agree on the terms and conditions of a licence.

The examination process is always the same. The collective society must file a statement of proposed royalties which the Board publishes in the *Canada Gazette*. Tariffs always come into effect on January 1. On or before the preceding 31st of March, the collective society must file a

proposed statement of royalties. The users targeted by the proposal (or in the case of private copying, any interested person) or their representatives may object to the statement within sixty days of its publication. The collective society in question and the opponents will then have the opportunity to argue their case in a hearing before the Board. After deliberations, the Board certifies the tariff, publishes it in the *Canada Gazette*, and explains the reasons for its decision in writing.

As a rule, the Board holds hearings. No hearing will be held if proceeding in writing accommodates a small user that would otherwise incur large costs. The hearing may be dispensed with on certain preliminary or interim issues. No hearings have been held yet for a request to use a work whose owner cannot be located. The process has been kept simple. Information is obtained either in writing or through telephone calls.

Risk Evaluation

Because the stakes are considerable both for copyright holders and for users of copyright, interventions before the Board are thorough, sophisticated and often involving expert witnesses, litigation specialists and detailed econometric, business and financial studies, surveys and evidence. The Board must consider the ever-changing technological environment (such as the Internet, digital radio, satellite communications), the global events, the new business models and the interests of owners and users in order to contribute, with fair and equitable decisions, to the continued growth of Canada's knowledge industries.

Decisions and tariffs issued by the Board must also take into account the specific environment in which it will be applied. A tariff's structure and terms and conditions need to be set in accordance with the industry's technology, business models and economic environment. Sound tariff decisions avoid serious disruption in affected sectors of the national economy and costly and time-consuming court challenges. They also more generally impact positively on the growth of the sectors involved, and hence on the overall economy.

Among the most significant risks which the Board faces in achieving its strategic outcomes is the potentially disruptive impact of new technologies (i.e., in terms of how copyright material is utilized, distributed and monitored). The Board's approach to managing the technology risk is to systematically monitor relevant journals, other publications and web sites, and to attend industry seminars and conferences, as described before in this report.

The decisions the Board makes are constrained in several respects. These constraints come from sources external to the Board: the law, regulations and judicial pronouncements. Others are self-imposed, in the form of guiding principles that can be found in the Board's decisions.

Court decisions also provide a large part of the framework within which the Board operates. Most decisions focus on issues of procedure, or apply the general principles of administrative decision-making to the specific circumstances of the Board. However, the courts have also set out several substantive principles for the Board to follow or that determine the ambit of the Board's mandate or discretion.

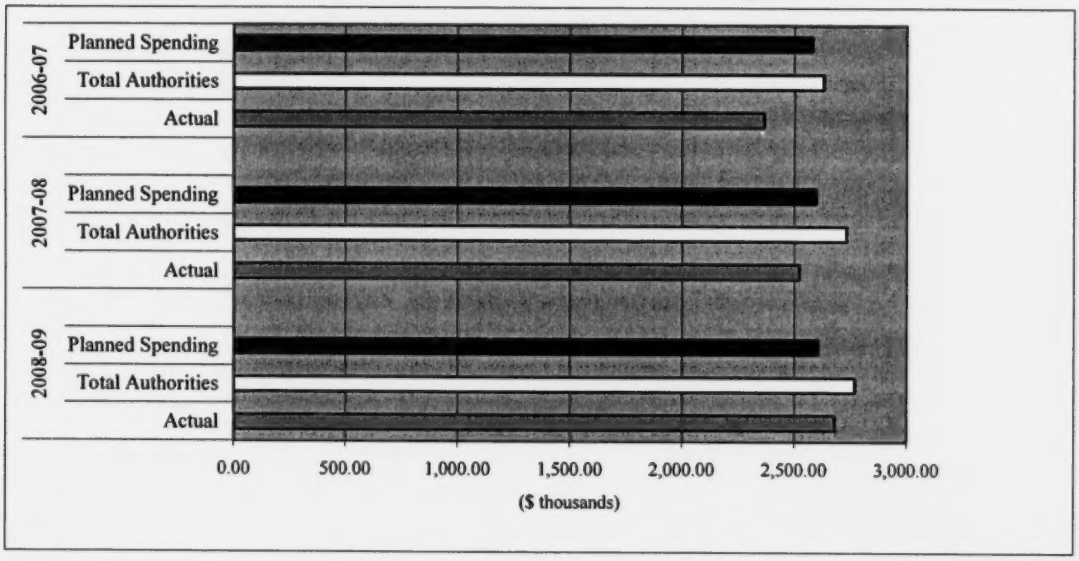
The Board also enjoys a fair amount of discretion, especially in areas of fact or policy. In making decisions, the Board itself has used various principles or concepts. Strictly speaking, these

principles are not binding on the Board. They can be challenged by anyone at anytime. Indeed, the Board would illegally fetter its discretion if it considered itself bound by its previous decisions. However, these principles do offer guidance to both the Board and those who appear before it. In fact, they are essential to ensuring a desirable amount of consistency in decision-making.

Among those factors, the following seem to be the most prevalent: the coherence between the various elements of the public performance of music tariffs, the practicality aspects, the ease of administration to avoid tariff structures that make it difficult to administer the tariff in a given market, the search for non-discriminatory practices, the relative use of protected works, the taking into account of Canadian circumstances, the stability in the setting of tariffs that minimizes disruption to users, as well as the comparisons with "proxy" markets and comparisons with similar prices in foreign markets.

Expenditure Profile

The Board's actual spending for 2008-2009 was $2.68 million. Since fiscal year 2006-07, actual spending increased by 13%. This is a reflection of the Board's hiring of additional staff to better cope with its increasing workload. The two charts below show differences between Planned Spending, Total Authorities and Actual Spending for our unique program activity.



Copyright Board of Canada

($ thousands)

Program Activity	2006-2007 Actual Spending	2007-2008 Actual Spending	2008-09 Main Estimates	2008-09 Planned Spending	2008-09 Total Authorities	2008-09 Actual Spending
Copyright tariff Setting and Issuance of Licences	2,364	2,521	2,606	2,768	2,768	2,678

Voted and Statutory Items

This table illustrates the way in which Parliament approved the Board's resources, and highlights variances between the Planned Spending, Authorized Spending and Actual Spending.

($ thousands)

Vote # or Statutory Item(S)	Truncated Vote or Statutory wording	2008-09 Main Estimates	2008-09 Planned Spending	2008-09 Total Authorities	2008-09 Actual Spending
45	Program expenditures	2,317	2,518	2,518	2,429
(S)	Contributions to employee benefit plans	289	249	249	249
	Total	**2,606**	**2,768**	**2,768**	**2,678**

Note: Some of the numbers do not add up due to rounding.

SECTION II: ANALYSIS OF PROGRAM ACTIVITIES BY STRATEGIC OUTCOME

2.1 Strategic Outcome: Fair decision-making to provide proper incentives for the creation and uses of copyrighted works

The Board's strategic outcome is to ensure fair decision-making to provide proper incentives for the creation and uses of copyrighted works. The achievement of this outcome relates to innovation, which is a main source of competitive advantage in all areas of economic endeavour.

The use and re-use of cultural and entertainment content (such as musical works) have become widespread with the advent of new media and on-line services, new playback and editing technologies and new uses in conventional media. These matters manifest themselves in some of society's most complex and contentious issues, including the downloading of musical content over the Internet using file-sharing software, the use of digital decoders to receive scrambled TV signals and the proliferation of duplication technologies, including computers, which have the capability to make digital copies of CDs and DVDs.

The Copyright Board of Canada recognizes the need to ensure an effective and efficient copyright regulatory regime in order to attain the maximum productivity in those sectors that create and use copyrighted works. Further, the performance of the Copyright Board will promote a fair and competitive marketplace as well as reasonable opportunities for Canadian firms to export copyright protected goods and services in the music, for content creation and programming areas, as well as for the downstream broadcasting, publishing and entertainment industries.

Financial and Human Resources, 2008-2009

2008-09 Financial Resources ($ thousands)			2008-09 Human Resources (FTEs)		
Planned Spending	**Total Authorities**	**Actual Spending**	**Planned**	**Actual**	**Difference**
2,606	2,768	2,678	17	17	0

Program Activity: Copyright Tariff Setting and Issuance of Licences

To contribute to this strategic outcome, the Board's unique program activity is Copyright Tariff Setting and Issuance of Licences.

In 2008-2009, the Board held two hearings and issued eight decisions. What follows is a brief summary of these activities listed according to the legal regime that applies to each category. For further detail, please refer to the Board's 2008-2009 Annual Report which can be found at www.cb-cda.gc.ca.

1. Public Performance of Music

During the fiscal year, the Board held one hearing on the following tariffs:

- Commercial Radio: joint examination of Tariffs 1.A of the Society of Composers, Authors and Music Publishers of Canada (SOCAN) for the years 2008-2009 and of the Neighbouring Rights Collective of Canada (NRCC) for the years 2008-2011 [as well as of CMRRA/SODRAC Inc. (CSI) for the reproduction of musical works for the years 2008-2012, of AVLA/SOPROQ for the reproduction of sound recordings for the years 2008-2011 and of ArtistI for the reproduction of performers' performances for the years 2009-2011]. Hearings were held in December 2008 and January 2009. The matter is under advisement.

The Board issued two decisions certifying the following tariffs:

- SOCAN Tariffs 22.B to 22.G (Internet – Other Uses of Music) for the years 1996-2006 (October 24, 2008).

- SOCAN Tariff 9 (Sports Events) for the years 2002-2009 (January 23, 2009).

2. Private Copying

On April 29, 2008, the Board held a hearing on the tariff proposed by the Canadian Private Copying Collective (CPCC) for the years 2008-2009 and certified the tariff on December 5, 2008.

Meanwhile, the Board initiated a process to examine an application filed by Z.E.I. Media Plus Inc. for a declaration that certain types of blank CDs should not be subject to a levy. The matter is under examination.

3. Collective Administration (General Regime)

As mentioned in section 1 above, in December 2008 and January 2009, the Board held a joint hearing on five tariff proposals for commercial radio. One of the proposals was filed by CSI for the reproduction rights of musical works for the years 2008-2012, another by AVLA/SOPROQ for the reproduction of sound recordings for the years 2008-2011 and another by ArtistI for the reproduction of performers' performances for the years 2009-2011. The other two were for performing rights. The matter is under advisement.

On March 31, 2009, the Board rendered an interim decision further to an application for arbitration filed by the Society for Reproduction Rights of Authors, Composers and Publishers in Canada (SODRAC) for the reproduction of musical works by the Canadian Broadcasting Corporation.

4. Unlocatable Copyright Owners

In 2008-2009, 28 applications were filed with the Board for the use of published works for which rights holders could not be found and 14 non-exclusive licences were issued for the use of such works.

5. Agreements Filed with the Board

In 2008-2009, 596 agreements were filed with the Board pursuant to section 70.5 of the *Act*.

Access Copyright, The Canadian Copyright Licensing Agency, which licenses reproduction rights such as digitization and photocopy, on behalf of writers, publishers and other creators, filed 334 agreements granting educational institutions, language schools, non-profit associations, copy shops and others a licence to photocopy works in its repertoire.

The *Société québécoise de gestion collective des droits de reproduction* (COPIBEC) filed 257 agreements. COPIBEC is the collective society which authorizes in Quebec the reproduction of works from Quebec, Canadian (through a bilateral agreement with Access Copyright) and foreign rights holders. The agreements filed in 2008-2009 concerned educational institutions, municipalities, municipal libraries and other users.

Access Copyright and COPIBEC have also filed two agreements they jointly entered into with the Bank of Canada and with Organon Canada Inc.

The Audio-Video Licensing Agency (AVLA), a copyright collective that administers the copyright in some master and music video recordings, filed one agreement.

Finally, the Canadian Broadcasters Rights Agency (CBRA) filed two agreements it entered into with the provinces of British Columbia and Ontario for media monitoring. CBRA represents various Canadian private broadcasters who create and own radio and television news and current affairs programs and communication signals.

Benefits for Canadians

The Board's decisions and licences set fair and equitable rates and conditions for the use of copyright protected works. Overall, the Board is responsible for tariffs that are estimated to be worth over $300 million annually. In fact, copyright tariffs underpin several industries which, according to a Conference Board of Canada study (Valuing Culture, Measuring and Understanding Canada's Creative Economy, Conference Board of Canada, August 2008), generated in 2007 an amount representing 7.4% of Canada's GDP when taking into account the direct, indirect and induced contribution. They also contributed 1.1 million jobs to the economy.

Cultural industries are growing at a rapid pace and are at the heart of the knowledge economy. In particular, the Canadian system of collective copyright administration is a healthy and growing part of our economy. Cultural industries' ability to continue to grow depends heavily on well-thought-out decisions respecting copyright. The mishandling of royalty issues related to retransmission, reproduction, neighbouring rights, private copying or public performance of music could cause serious disruptions in certain sectors of the industry, and would also lead to costly and time-consuming legal challenges. Timeliness in rendering decisions can impact on the growth and innovation in the Canadian economy.

Lessons Learned

The Board has been facing increasing workload pressures leading to unnecessary delays in issuing decisions and creating a backlog in the certification of uncontested tariffs. The Board recognized the need for stability to overcome the challenges it was facing. The first step taken by the Board was to establish its succession plans, which are crucial for the orderly continuation of the Board's activities. The second step was to more directly deal with the delays and the backlog. Therefore, the Copyright Board undertook negotiations with the two departments that are responsible for the copyright legislation, Industry Canada and Canadian Heritage. As a result, starting in 2009-2010, the two Departments will transfer additional resources ($215,000 each), on a permanent basis, to the Copyright Board. The increased resources will allow the Board to meet its increasing workload and to more adequately fulfill its mandate.

SECTION III: SUPPLEMENTARY INFORMATION

3.1 Financial Highlights

The financial highlights presented within this DPR are intended to serve as a general overview of the Copyright Board's financial position and operations. The Board's financial statements can be found on the Board's website at: www.cb-cda.gc.ca.

Statement of Financial Position (in dollars)	% Change	2009	2008
Assets			
Total Assets	-26.8%	105,689	144,429
TOTAL	-26.8%	**105,689**	**144,429**
Liabilities			
Total Liabilities	9.3%	597,305	546,582
Equity			
Total Equity	22.2%	(491,616)	(402,153)
TOTAL	-26.8%	**105,689**	**144,429**

Statement of Operations (in dollars)	% Change	2009	2008
Expenses			
Total Expenses	10.6%	3,133,727	2,834,475
Revenues			
Total Revenues		-	-
NET COST OF OPERATIONS	10.6%	**3,133,727**	**2,834,475**

3.2 Supplementary Information Tables

Table 1: Internal Audits (current reporting period)

Table 1 can be found on the Treasury Board of Canada Secretariat's website at http://www.tbs-sct.gc.ca/dpr-rmr/2008-2009/index-eng.asp.

3.3 Other Items of Interest

Organizational Information

Board Members

Board members are appointed by the Governor in Council to hold office during good behaviour for a term not exceeding five years. They may be reappointed once.

The *Act* requires that the Chairman must be a judge, either sitting or retired, of a superior, county or district court. The Chairman directs the work of the Board and apportions its caseload among the members.

The *Act* also designates the Vice-Chairman as Chief Executive Officer of the Board. He or she exercises direction over the Board and supervises its staff.

The organizational structure of the Board follows the requirements set out in section 66 and following sections of the *Act*.

Board's Staff

The Board has a staff of thirteen employees, organized around five operational groups:

1. The Registrar's Office, which plans and manages all activities and resources related to public hearings, and the issuing of licences for the use of works whose copyright owners cannot be located, which includes receiving, organizing and reviewing the documentary evidence and information, and organizing and maintaining the Board's records, archives and library.

2. The Research and Analysis group, which is responsible for the preparation and analysis of reports and research papers, the development of scenario analysis and recommendations and the provision of economic support to Board members and for decisions.

3. The Legal Analysis group, which provides legal analysis and advice on tariff and licence applications before the Board, and represents the Board before the Courts in matters involving its jurisdiction.

4. The Corporate Services group, which is responsible for financial and materiel management policies, systems, processes and standards which are consistent with modern comptrollership.

5. The Technical Support group, which provides support in particular in respect of informatics.